

# The Gazette of India

## EXTRAORDINARY PART II—Section 2 PUBLISHED BY AUTHORITY

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as a separate compilation

### LOK SABHA

The following Bills were introduced in Lok Sabha on the 17th November, 1964:—

BILL No. 74 OF 1964

*A Bill to provide for the establishment of Food Corporations for the purpose of trading in foodgrains and other foodstuffs and for matters connected therewith and incidental thereto.*

**BE** it enacted by Parliament in the Fifteenth Year of the Republic of India as follows:—

### CHAPTER I

#### PRELIMINARY

- |    |  |                                       |
|----|--|---------------------------------------|
| 5  | 1. (1) This Act may be called the Food Corporations Act, 1964.   | Short title, extent and commencement. |
| 10 | (2) It extends to the whole of India except the State of Jammu and Kashmir.  |                                       |
| 15 | (3) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.                       |                                       |
| 20 | 2. In this Act, unless the context otherwise requires,—  | Definitions.                          |
|    | (a) "Corporation" means the Food Corporation of India established under section 3;   |                                       |
|    | (b) "Food Corporation" means the Food Corporation of India established under section 3 or a State Food Corporation established under section 17; |                                       |
|    | (c) "prescribed" means prescribed by rules made under this Act;  |                                       |

(d) "scheduled bank" means a bank for the time being included in the Second Schedule to the Reserve Bank of India Act, 1934;

2 of 1934.

(e) "State Food Corporation" means a State Food Corporation established under section 17;

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(f) "year" means the financial year.

## CHAPTER II

### THE FOOD CORPORATION OF INDIA

Establishment of Food Corporation of India.

3. (1) With effect from such date as the Central Government may, by notification in the Official Gazette, specify in this behalf, the Central Government shall establish for the purposes of this Act a Corporation known as the Food Corporation of India.

(2) The Corporation shall be a body corporate with the name aforesaid, having perpetual succession and a common seal with power, subject to the provisions of this Act, to acquire, hold and dispose of property and to contract, and may, by that name, sue and be sued.

Offices and agencies.

4. (1) The head office of the Corporation shall be at Madras or at such other place as the Central Government may, by notification in the Official Gazette, specify.

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(2) The Corporation may, with the previous approval of the Central Government, establish offices or agencies at other places in or outside India.

Capital of Corporation.

5. (1) The original capital of the Corporation shall be such sum not exceeding one hundred crores of rupees as the Central Government may fix.

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(2) The Central Government may from time to time increase the capital of the Corporation to such extent and in such manner as that Government may determine.

(3) Such capital may be provided by the Central Government from time to time after due appropriation made by Parliament by law for the purpose and subject to such terms and conditions as may be determined by that Government.

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Management.

6. (1) The general superintendence, direction and management of the affairs and business of the Corporation shall vest in a board of directors which may exercise all such powers and do all such acts and things as may be exercised or done by the Corporation under this Act.

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(2) The board of directors, in discharging its functions, shall act on business principles having regard to public interest and shall be

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guided by such instructions on questions of policy as may be given to it by the Central Government.

(3) If any doubt arises as to whether a question is or is not a question of policy, the decision of the Central Government thereon shall be final.

7. (1) The board of directors of the Corporation shall consist of the following, namely:— Board of directors.

(a) a Chairman;

(b) three directors to represent respectively the Ministries of the Central Government dealing with—

(i) food,

(ii) finance, and

(iii) co-operation;

(c) the managing director of the Central Warehousing Corporation established under section 3 of the Warehousing Corporations Act, 1962, *ex officio*;

(d) a managing director;

(e) six other directors.

(2) All the directors of the Corporation other than the director referred to in clause (c) of sub-section (1) shall be appointed by the Central Government.

(3) The managing director shall—

(a) exercise such powers and perform such duties as the board of directors may entrust or delegate to him; and

(b) receive such salary and allowances as the board of directors may, with the approval of the Central Government, fix:

Provided that the first managing director shall receive such salary and allowances as the Central Government may fix.

(4) The term of office of, and the manner of filling casual vacancies among, the directors of the Corporation, other than the director referred to in clause (c) of sub-section (1), and the other terms and conditions of appointment of the directors of the Corporation shall, subject to the provisions of sub-section (3), be such as may be prescribed.

Disqualification for office of director.

8. A person shall be disqualified for being appointed as, and for being, a director of the Corporation—

(a) if he is, or at any time has been, adjudicated insolvent or has suspended payment of his debts or has compounded with his creditors; or

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(b) if he is of unsound mind and stands so declared by a competent court; or

(c) if he is or has been convicted of any offence which in the opinion of the Central Government involves moral turpitude; or

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(d) if he has been removed or dismissed from the service of the Government or a corporation owned or controlled by the Government; or

(e) except in the case of the chairman or the managing director, if he is a salaried official of the Food Corporation of India or a State Food Corporation.

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Removal and resignation of directors.

9. (1) The Central Government may, at any time, after consultation with the Corporation, remove the managing director from office after giving him a reasonable opportunity of showing cause against the proposed removal.

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(2) The board of directors may remove any director from office who—

(a) is or has become subject to any of the disqualifications mentioned in section 8; or

(b) is absent without leave of the board of directors from more than three consecutive meetings thereof without cause sufficient, in the opinion of the board, to exonerate his absence.

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(3) A director of the Corporation may resign his office by giving notice thereof in writing to the Central Government and on such resignation being accepted, he shall be deemed to have vacated his office.

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Meetings.

10. (1) The board of directors of the Corporation shall meet at such times and places and shall observe such rules of procedure in regard to the transaction of business at its meetings (including the quorum at meetings) as may be provided by regulations made by the Corporation under this Act.

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(2) The Chairman of the board or, if for any reason he is unable to attend any meeting, any other director elected by the directors present at the meeting, shall preside at the meeting.

(3) All questions which come up before any meeting of the board shall be decided by a majority of the votes of the directors present and voting, and, in the event of an equality of votes, the Chairman, or in his absence, the person presiding, shall have and exercise a second or casting vote.

11. (1) The Central Government may, by notification in the Official Gazette, constitute one or more Advisory Committees consisting of such persons and on such terms and conditions as may be prescribed.

Advisory  
Commit-  
tees.

10 (2) It shall be the duty of any such Advisory Committee to advise the Central Government or the Corporation in regard to any matter connected with the purposes of this Act in respect of which its advice is sought by the Central Government, or, as the case may be, by the Corporation.

15 (3) The expenses in relation to the Advisory Committees shall be met by the Corporation.

12. (1) The Central Government shall, after consultation with the Corporation, appoint a person to be the Secretary of the Corporation.

Officers  
and  
other em-  
ployees of  
Corpora-  
tion.

20 (2) Subject to such rules as may be made by the Central Government in this behalf, the Corporation may appoint such other officers and employees as it considers necessary for the efficient performance of its functions.

(3) The methods of appointment, the conditions of service and the scales of pay of the officers and other employees of the Corporation shall—

(a) as respects the Secretary, be such as may be prescribed;

30 (b) as respects the other officers and employees, be such as may be determined by regulations made by the Corporation under this Act.

13. (1) Subject to the provisions of this Act, it shall be the primary duty of the Corporation to undertake the purchase, storage, movement, transport, distribution and sale of foodgrains and other foodstuffs.

Functions  
of  
Corpora-  
tion.

(2) Subject as aforesaid, the Corporation may also, with the previous approval of the Central Government,—

(a) promote by such means as it thinks fit the production of foodgrains and other foodstuffs;

(b) set up, or assist in the setting up of, rice mills, flour mills and other undertakings for the processing of foodgrains and other foodstuffs; and

(c) discharge such other functions as may be prescribed or as are supplemental, incidental or consequential to any of the functions conferred on it under this Act.

Executive  
Commit-  
tee and  
other  
commit-  
tees.

14. (1) The board of directors of the Corporation may constitute an Executive Committee which shall consist of—

(a) the Chairman of the board;

(b) the managing director; and

(c) three other directors, of whom one shall be a non-official.

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(2) The Chairman of the board of directors shall be the Chairman of the Executive Committee.

(3) Subject to the general control, direction and superintendence of the board of directors, the Executive Committee shall be competent to deal with any matter within the competence of the Corporation.

(4) The board of directors may constitute such other committees, whether consisting wholly of directors or wholly of other persons or partly of directors and partly of other persons as it thinks fit, for such purposes as it may decide.

(5) A committee constituted under this section shall meet at such times and places and shall observe such rules of procedure in regard to the transaction of business at its meetings (including the quorum at meetings) as may be provided by regulations made by the Corporation under this Act.

(6) The members of a committee (other than the directors of the board) shall be paid by the Corporation such fees and allowances as may be fixed by it by regulations made under this Act for attending the meetings of the committee and for attending to any other work of the Corporation.

Member of  
board or  
commit-  
tee  
thereof  
not to  
vote in  
certain  
cases.

15. A member of the board of directors of the Corporation or a committee thereof who has any direct or indirect pecuniary interest in any matter coming up for consideration at a meeting of the board of directors or committee thereof, shall, as soon as possible after relevant circumstances have come to his knowledge, disclose the nature of his interest at such meeting and the disclosure shall be recorded in the minutes of the board or the committee, as the case may be, and the member shall not take any part in any deliberation or decision of the board or committee with respect to that matter.

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## CHAPTER III

## BOARDS OF MANAGEMENT

16. (1) The Central Government may, on a request received in this behalf from the State Government or Governments concerned or otherwise, by notification in the Official Gazette, establish a Board of Management for a State or two or more contiguous States, if no State Food Corporation is functioning in such State or States.

Boards of management, their constitution and functions.

(2) The head office of the Board of Management shall be at such place as the Central Government may, by notification in the Official Gazette, specify.

(3) The Board of Management shall consist of—

(a) a Chairman to be appointed by the board of directors of the Food Corporation of India;

(b) the senior-most executive officer of the said Corporation employed at the head office of the Board of Management; and

(c) not more than ten other members to be appointed by the board of directors of the said Corporation.

(4) The members of a Board of Management referred to in clauses (a) and (c) of sub-section (3) shall hold office for a term of two years and shall be eligible for re-appointment and the other terms and conditions of their appointment shall be such as may be prescribed.

(5) The Board of Management shall advise the Corporation on such matters as may be generally or specifically referred to it and shall perform such other functions as the Corporation may delegate to it.

(6) The provisions of sections 20, 21 and 25 shall, so far as may be, apply in relation to the members of a Board of Management as they apply in relation to the members of the board of directors of a State Food Corporation:

Provided that the reference to the General Manager in clause (e) of section 20 shall be construed as a reference to the officer of the Corporation referred to in clause (b) of sub-section (3).

(7) The Food Corporation of India may, after consultation with a Board of Management, appoint such staff as it considers necessary to enable that Board to perform its functions under this Act.

(8) The Board of Management may, by order in writing, authorise any one or more of its members to exercise and perform, subject to such conditions and limitations, if any, as may be specified in the order, such of its powers and functions as it may think fit



(9) The Board of Management shall follow such procedure as may be provided by regulations made by the Food Corporation of India under this Act.

(10) Where a Board of Management has been established—

(i) for a State, or

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(ii) for two or more States,

then such Board shall stand dissolved—

(a) in the case referred to in clause (i), on the establishment of a Food Corporation for that State, and

(b) in the case referred to in clause (ii), on the establishment of such Corporation for any one or more of such States.

(11) Where a Board of Management stands dissolved under clause (b) of sub-section (10), the Central Government may establish a new Board of Management for the State or States for which no Food Corporation has been established.

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(12) The expenses of the Board of Management in the discharge of its functions under this Act shall be met by the Food Corporation of India.

#### CHAPTER IV

##### STATE FOOD CORPORATIONS

20

Establishment of State Food Corporation.

17. (1) The Central Government may, by notification in the Official Gazette and after consultation with the Government of a State, establish a Food Corporation for that State under such name as may be specified in the notification.

(2) A State Food Corporation established under sub-section (1) shall be a body corporate by the name notified under that sub-section, having perpetual succession and a common seal with power, subject to the provisions of this Act, to acquire, hold and dispose of property and to contract, and may, by the said name, sue and be sued.

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(3) The head office of a State Food Corporation shall be at such place within the State as may be notified by the Central Government in the Official Gazette.

(4) Subject to the provisions of this Act, a State Food Corporation may perform such of the functions of the Food Corporation of India as that Corporation may delegate to it.

Capital of State Food Corporation

18. (1) The capital of a State Food Corporation shall be such sum not exceeding ten crores of rupees as the Central Government may, after consultation with the Food Corporation of India, fix.



(2) The Central Government may, after such consultation, from time to time increase the capital of the State Food Corporation to such extent and in such manner as that Government may determine.

**(3) Such capital shall be provided—**

5       (a) by the Central Government after due appropriation made by Parliament by law for the purpose, and

         (b) by the Food Corporation of India,

in such proportion and subject to such terms and conditions as may be determined by the Central Government.

10   19. (1) The general superintendence, direction and management of the affairs and business of a State Food Corporation shall vest in a board of directors which shall consist of a Chairman, a General Manager and not more than ten other members, all of whom shall be appointed by the Food Corporation of India after consultation  
15 with the Central Government and the State Government.

Manage-  
ment of  
State  
Food Cor-  
poration.

(2) The General Manager shall—

         (a) exercise such powers and perform such duties as the board of directors may entrust or delegate to him; and

20       (b) receive such salary and allowances and be governed by such terms and conditions of service as the board of directors may, in consultation with the Food Corporation of India, fix.

(3) The board of directors, in discharging its functions, shall act on business principles having regard to public interest and shall be  
25 guided by such instructions on questions of policy as may be given to it by the Food Corporation of India.

(4) If any doubt arises as to whether a question is or is not a question of policy, the matter shall be referred to the Central Government whose decision thereon shall be final.

30   (5) The members of the board of directors, other than the General Manager, shall be entitled to receive by way of remuneration or fees such sums as may be prescribed:

Provided that no official member shall be entitled to receive any remuneration other than any allowances admissible to him under  
35 the rules regulating his conditions of service.

(6) The term of office of, and the manner of filling casual vacancies among, the members of the board of directors shall be such as may be prescribed.

Disquali-  
fication  
for  
office of  
member  
of board  
of direc-  
tors.

**20.** A person shall be disqualified for being appointed as, and for being, a member of the board of directors of a State Food Corporation—

(a) if he is, or at any time has been, adjudicated insolvent or has suspended payment of his debts or has compounded with his creditors; or

(b) if he is of unsound mind and stands so declared by a competent court; or

(c) if he is or has been convicted of any offence which in the opinion of the Central Government involves moral turpitude; or

(d) if he has been removed or dismissed from the service of the Government or a corporation owned or controlled by the Government; or

(e) except in the case of the Chairman or the General Manager, if he is a salaried official of the Food Corporation of India or a State Food Corporation.

Removal  
and re-  
signation  
of mem-  
bers of  
board of  
directors.

**21.** (1) The Food Corporation of India may, at any time, after consultation with the State Food Corporation, remove the General Manager from office after giving him a reasonable opportunity of showing cause against the proposed removal.

(2) The board of directors of a State Food Corporation may remove from office any member of that board who—

(a) is or has become subject to any of the disqualifications mentioned in section 20, or

(b) is absent without leave of the board of directors from more than three consecutive meetings thereof without cause sufficient, in the opinion of the board, to exonerate his absence.

(3) A member of such board may resign his office by giving notice thereof in writing to the Food Corporation of India and on such resignation being accepted, he shall be deemed to have vacated his office.

Meetings.

**22.** (1) The board of directors of a State Food Corporation shall meet at such times and places and shall observe such rules of procedure in regard to the transaction of business at its meetings (including the quorum at meetings) as may be provided by regulations made by that Corporation under this Act.

(2) The Chairman of the board of directors or, if for any reason he is unable to attend any meeting, any other member of the board elected by the members of the board present at the meeting, shall preside at the meeting.

(3) All questions which come up before any meeting of the board of directors shall be decided by a majority of the votes of the members present and voting, and, in the event of an equality of votes, the Chairman or his absence, the person presiding shall have and exercise a second or casting vote.

10 23. (1) A State Food Corporation may appoint such officers and other employees as it considers necessary for the efficient performance of its functions. Appointment of officers, etc., and their

(2) Every person employed by a State Food Corporation under this Act shall be subject to such conditions of service and shall be 15 entitled to such remuneration as may be determined by regulations made by that Corporation under this Act. conditions of service.

24. (1) The board of directors of a State Food Corporation may constitute an Executive Committee which shall consist of— Executive Committee and other committees.

(a) the Chairman of the board of directors;

20 (b) the General Manager; and

(c) three other members of the board of directors, of whom one shall be a non-official.

(2) The Chairman of the board of directors shall be the Chairman of the Executive Committee.

25 (3) Subject to the general control, direction and superintendence of the board of directors, the Executive Committee shall be competent to deal with any matter within the competence of the State Food Corporation.

30 (4) The board of directors may constitute such other committees, whether consisting wholly of members of the board or wholly of other persons or partly of such members and partly of other persons as it thinks fit, for such purposes as it may decide.

(5) A committee constituted under this section shall meet at such times and places and shall observe such rules of procedure in 35 regard to the transaction of business at its meetings (including the quorum at meetings) as may be provided by regulations made by the State Food Corporation under this Act.

(6) The members of a committee (other than the directors of the board) shall be paid by the State Food Corporation such fees and allowances as may be fixed by it by regulations made under this Act, for attending the meetings of the committee and for attending to any other work of that Corporation. 5

Member of board or committee thereof not to vote in certain cases.

25. A member of the board of directors of a State Food Corporation or a committee thereof who has any direct or indirect pecuniary interest in any matter coming up for consideration at a meeting of the board of directors or committee thereof, shall, as soon as possible after relevant circumstances have come to his knowledge, disclose the nature of his interest at such meeting and the disclosure shall be recorded in the minutes of the board or the committee, as the case may be, and the member shall not take any part in any deliberation or decision of the board or the committee with respect to that matter. 15

## CHAPTER V

### FINANCE, ACCOUNTS AND AUDIT

Submission of programme of activities and financial estimates.

26. (1) A Food Corporation shall, before the commencement of each year, prepare a statement of programme of its activities during the forthcoming year as well as a financial estimate in respect thereof. 20

(2) The statement prepared under sub-section (1) shall, not less than three months before the commencement of each year, be submitted for approval—

(a) in the case of the Food Corporation of India, to the Central Government; 25

(b) in the case of a State Food Corporation, to the Food Corporation of India.

(3) The statement and the financial estimate of a Food Corporation referred to in sub-section (1) may, with the approval of the Central Government, in the case of the Food Corporation of India, or with the approval of the Food Corporation of India in the case of a State Food Corporation, be revised by the Food Corporation. 30

Borrowing powers of Food Corporation.

27. (1) A Food Corporation may, for the purpose of carrying out its functions under this Act, take advances against stocks of food-grains or other foodstuffs held by it, or borrow money— 35

(i) from any scheduled bank, or

(ii) from any other bank or financial institution approved by the Central Government in this behalf.

(2) The Central Government may guarantee the loans and advances taken by a Food Corporation under sub-section (1) as to the re-payment of principal and the payment of interest thereon and other incidental charges.

5 28. A Food Corporation may lend or advance money to any person engaged in the production of foodgrains upon the security of foodgrains or such other security as may be prescribed, for any purpose connected with such production.

Lending by Food Corporation on security of food-grains.

10 29. (1) A Food Corporation may enter into agreement with any grower of foodcrops for the purchase of foodgrains after the harvest of such crops and any such agreement may provide that any sum payable by the Corporation to the grower under such agreement shall be payable to any scheduled bank or other financing agency nominated by the grower in this behalf to such extent as  
15 may be specified in the agreement.

Power to enter into agreement for purchase of food-grains after harvest.

(2) The scheduled bank or other financing agency referred to in sub-section (1) may, on the basis of any agreement referred to in that sub-section, lend money to a grower of foodcrops who has entered into such agreement.

20 30. A Food Corporation may, upon such terms and conditions as it may think fit, guarantee any loan referred to in sub-section (2) of section 29, and also any other loan raised by a grower of foodcrops, which is re-payable within a period not exceeding five years.

Guarantee by Food Corporation.

25 31. (1) A Food Corporation shall have its own fund and all receipts of the Corporation shall be credited thereto and all payments of the Corporation shall be met therefrom.

Funds of Food Corporation.

(2) Such fund shall be applied for meeting all administrative expenses of the Food Corporation and for carrying out the purposes of this Act.

30 32. A Food Corporation may invest its funds in the securities of the Central Government or any State Government or in such other manner as may be prescribed.

Investment of funds.

35 33. (1) A Food Corporation shall establish a reserve fund to which shall be credited every year such portion of its annual net profits as that Corporation thinks fit.

Allocation of surplus profits.

(2) After making provision for such reserve fund and for bad and doubtful debts, depreciation in assets and all other matters

which are usually provided for by companies registered and incorporated under the Companies Act, 1956, the balance of its annual net profits shall be paid— 1 of 1956.

(a) in the case of the Food Corporation of India, to the Central Government, and 5

(b) in the case of a State Food Corporation, to the Central Government and the Food Corporation of India in the same proportion as the capital provided by them.

Accounts  
and  
audit.

34. (1) A Food Corporation shall maintain proper accounts and other relevant records and prepare an annual statement of accounts 10 including the profit and loss account and the balance sheet in such form as may be prescribed.

(2) The accounts of a Food Corporation shall be audited by auditors duly qualified to act as auditors of companies under section 226 of the Companies Act, 1956. 15 1 of 1956.

(3) The auditors shall be appointed annually by the Food Corporation from among a list of auditors approved by the Central Government on the advice of the Comptroller and Auditor-General of India.

(4) The auditors shall be supplied with a copy of the annual 20 balance sheet and the profit and loss account of the Food Corporation and it shall be their duty to examine them together with the accounts and vouchers relating thereto, and they shall have a list delivered to them of all books kept by the Corporation and shall at all reasonable times have access to the books, accounts and other documents 25 of the Corporation and may require from any officer of the Corporation such information and explanations as the auditors may think necessary for the performance of their duties as auditors.

(5) The auditors shall send a copy of their report together with an audited copy of the accounts to the Food Corporation concerned 30 and to the Central Government and, where the accounts relate to a State Food Corporation, also to the Food Corporation of India.

Annual  
report on  
the work-  
ing of  
Food  
Corpora-  
tions.

35. (1) A Food Corporation shall, as soon as possible after the end of each year, submit to the Central Government an annual report on the working and affairs of the Corporation. 35

(2) The Central Government shall, as soon as may be after the receipt of such report, cause such report and the audit report received under section 34 to be laid before both Houses of Parliament.

## CHAPTER VI

## MISCELLANEOUS

36. (1) No act or proceeding of a Food Corporation or a committee thereof or a Board of Management shall be invalid by reason only of the existence of any vacancy in, or any defect in the constitution of, the board of directors of the Food Corporation or such committee or Board of Management.

Vacancies, etc., not to invalidate acts or proceedings of Food Corporation, etc.

(2) No act done by any person acting in good faith as a member of a board of directors of a Food Corporation or of a Board of Management shall be deemed to be invalid by reason only of his disqualification for being appointed as, or for being, a member of such board of directors or Board of Management.

37. A Food Corporation may, by general or special order in writing, delegate to the Chairman or any other member of the board of directors or the Secretary or other officer of the Corporation, subject to such conditions and limitations, if any, as may be specified in the order, such of its powers and functions under this Act as it may deem necessary.

Delegation.

38. Every director, member of an Advisory Committee or other committee, auditor, officer or other employee of a Food Corporation and every member of a Board of Management and its staff shall, before entering upon his duties, make a declaration of fidelity and secrecy in the form set out in the Schedule.

Declaration of fidelity and secrecy.

39. (1) Every member of the board of directors of a Food Corporation and of a Board of Management shall be indemnified by the Corporation against all losses and expenses incurred by him in the discharge of his duties except such as are caused by his own wilful act or default.

Indemnity of directors.

(2) A member of the board of directors of a Food Corporation or a Board of Management shall not be responsible for any other member or for any officer or other employee of the Corporation or Board of Management or for any loss or expense resulting to the Corporation from the insufficiency or deficiency of value of, or title to, any property or security acquired or taken on behalf of the Corporation in good faith, or by the insolvency or wrongful act of any person under obligation to the Corporation or by anything done in good faith, in the execution of the duties of his office or in relation thereto.



40. No suit or other legal proceeding shall lie against a Food Corporation or any member of the board of directors thereof or any officer or other employee thereof or any member of a Board of Management or its staff or any other person authorised by a Food Corporation or a Board of Management to discharge any functions under this Act for any loss or damage caused or likely to be caused by anything which is in good faith done or intended to be done in pursuance of this Act. 5

Offences.

41. (1) Whoever, without the consent in writing of a Food Corporation, uses its name in any prospectus or advertisement, shall be punishable with imprisonment for a term which may extend to six months, or with fine which may extend to one thousand rupees, or with both. 10

(2) No court shall take cognizance of any offence under subsection (1) except on a complaint in writing by an officer authorised in this behalf by the Food Corporation concerned. 15

Provision relating to income-tax, super-tax, etc.

42. For the purposes of the Income-tax Act, 1961, or any other enactment for the time being in force relating to income-tax, super-tax or any other tax on income, profits or gains, a Food Corporation shall be deemed to be a company within the meaning of the Income-tax Act, 1961, and shall be liable to tax accordingly on its income, profits and gains. 20

43 of 1961

Winding up of Food Corporation.

43. No provision of law relating to the winding up of companies or corporations shall apply to a Food Corporation and it shall not be placed in liquidation save by order of the Central Government and in such manner as that Government may direct. 25

Power to make rules.

44. (1) The Central Government may, by notification in the Official Gazette, make rules to carry out the purposes of this Act.

(2) Without prejudice to the generality of the foregoing power, such rules may provide for— 30

(a) the term of office of, and the manner of filling casual vacancies among, and the other terms and conditions of appointment of, the directors of the Corporation;

(b) the composition of Advisory Committees and the terms and conditions of service of members thereof; 35

(c) the additional functions which the Corporation may perform;

(d) the remuneration or fees payable to the members of the board of directors of a State Food Corporation and the term of office of, and the manner of filling casual vacancies among, such members; 40

(e) the securities (other than foodgrains) upon which a Food Corporation may lend or advance money;

(f) the manner in which a Food Corporation may invest its funds;

5 (g) the form of the annual statement of accounts and the balance sheet to be prepared by a Food Corporation;

(h) any other matter which has to be or may be prescribed.

(3) Every rule made by the Central Government under this section shall be laid as soon as may be after it is made, before each House of Parliament while it is in session for a total period of thirty  
10 days which may be comprised in one session or in two successive sessions, and if, before the expiry of the session in which it is so laid or the session immediately following, both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, the rule shall thereafter have effect only  
15 in such modified form or be of no effect, as the case may be; so however that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.  
20

45. (1) A Food Corporation may, with the previous sanction of the Central Government, by notification in the Official Gazette, make regulations not inconsistent with this Act and the rules made thereunder, to provide for all matters for which provision is necessary or expedient for the purpose of giving effect to the provisions  
25 of this Act. Power of Food Corporation to make regulations.

(2) Without prejudice to the generality of the foregoing power, such regulations may provide for—

30 (a) the methods of appointment, the conditions of service and the scales of pay of the officers and employees of a Food Corporation, other than the Secretary of the Food Corporation of India;

(b) the duties and conduct of officers and employees of a Food Corporation, other than the Secretary aforesaid;

35 (c) the functions and duties which may be entrusted or delegated to the managing director or, as the case may be, the General Manager, of a Food Corporation;

(d) the times and places at which meetings of a Food Corporation or any committee thereof shall be held and the procedure to be followed thereat;

(e) the fees and allowances payable to the members of a committee under sub-section (6) of section 14 or sub-section (6) of section 24;

(f) generally, the efficient conduct of the affairs of a Food Corporation. 5

(3) The Central Government may, by notification in the Official Gazette, rescind any regulation which it has sanctioned and thereupon such regulation shall cease to have effect.

(4) Any regulation which may be made by the Food Corporation of India under this Act may be made by the Central Government 10 within three months from the establishment of that Corporation and any regulation which may be made by a State Food Corporation under this Act may be made by the Food Corporation of India within three months from the establishment of such State Food Corporation; and any regulation so made may be altered or rescind- 15 ed by the Food Corporation concerned in the exercise of its powers under this Act.

## THE SCHEDULE

(See section 38)

## DECLARATION OF FIDELITY AND SECRECY

I, \_\_\_\_\_, declare that I will faithfully, truly and to the best of my judgment, skill and ability execute and perform the duties which are required of me as director, member of \_\_\_\_\_ committee, officer, employee or auditor (as the case may be) of the Food Corporation of India \_\_\_\_\_ or as member of the Board of Management Food Corporation \_\_\_\_\_ at \_\_\_\_\_ under the Food Corporation of India and which properly relate to the office or position in or in relation to that Corporation held by me.

I further declare that I will not communicate or allow to be communicated to any person not legally entitled thereto any information relating to the affairs of the said Corporation or to the affairs of any person having any dealing with the said Corporation nor will I allow any person not legally entitled as aforesaid to inspect or have access to any books or documents belonging to, or in the possession of, the said Corporation and relating to the business of the said Corporation or the business of any person having any dealing with the said Corporation.

(Signature) \_\_\_\_\_

Signed before me.

\_\_\_\_\_

## STATEMENT OF OBJECTS AND REASONS

It is considered desirable, in the interests of increased agricultural production as well as in the interests of the common consumer, to set up a State Agency for the purpose of undertaking trading in foodgrains in a commercial manner but within the framework of an over-all Government policy. Only by such a measure it will be possible to effectively implement any policy of ensuring that the primary producer obtains the minimum price that may be announced from time to time and to protect the consumer from the vagaries of speculative trade.

2. The setting up of the Food Corporation of India, as provided for in this Bill, will, therefore, be one of the essential and important steps in the implementation of Government's food policy. The Corporation will be the first organised attempt to take up State trading in foodstuffs on an appreciable scale. The Agency will also be used to build up gradually buffer stocks.

3. The Corporation will engage itself primarily in the purchase, storage, movement, distribution and sale of foodgrains. Provision has also been made in the Bill enabling the Corporation to deal in other foodstuffs if considered necessary by the Government. The Corporation may also discharge certain incidental functions as provided for in the Bill in consultation with the Central Government.

4. The Corporation will be encouraged to function generally as an autonomous organisation working on commercial lines. It is expected to secure for itself a strategic and commanding position in the foodgrains trade of the country. Bearing in mind the several large spheres in which the Corporation will ultimately have to operate, this Bill is being introduced to enable it to function as a statutory Corporation wholly owned by the Government.

5. It is necessary that the Corporation should work with the active and continued co-operation of State Governments and their machinery. The Bill, therefore, provides for the setting up of Boards of Management or State Food Corporations, as the case may be, to secure such co-operation and participation in a practical and effective way.

NEW DELHI;

C. SUBRAMANIAM.

*The 5th November, 1964.*

PRESIDENT'S RECOMMENDATION UNDER ARTICLES 117 AND  
274 OF THE CONSTITUTION OF INDIA

[Copy of letter No. 179(6)/64-Py. I, dated the 11th November, 1964 from Shri C. Subramaniam, Minister of Food and Agriculture to the Secretary, Lok Sabha.]

The President, having been informed of the subject-matter of the Food Corporations Bill, 1964, has recommended under articles 117(1) and 274(1) of the Constitution the introduction of the Bill in the Lok Sabha, and under article 117(3) of the Constitution, its consideration by the Lok Sabha.

## FINANCIAL MEMORANDUM

1. The original capital of the Food Corporation of India shall not exceed one hundred crores of rupees. The capital will be fixed by the Central Government and provided by it from time to time after due appropriation made by Parliament by law for the purpose and subject to such terms and conditions as may be determined by the Central Government. Provision has been made for increasing the capital of the Corporation by the Central Government from time to time. (Clause 5 of the Bill).

2. The capital of a State Food Corporation shall not exceed ten crores of rupees. It will be fixed by the Central Government after consultation with the Food Corporation of India. The capital will be provided by the Central Government after due appropriation made by Parliament by law for the purpose and by the Food Corporation of India, in such proportion and subject to such terms and conditions as may be determined by the Central Government. Provision has also been made for increasing the capital of a State Food Corporation by the Central Government in consultation with the Food Corporation of India. (Clause 18 of the Bill).

3. Clause 27 of the Bill provides for the guarantee by the Central Government of the re-payment of principal and the payment of interest, etc., in respect of loans and advances taken by a Food Corporation from any scheduled bank or any other bank or financial institution approved by the Central Government against stocks of foodgrains or other foodstuffs held by it. The ultimate liability arising out of such guarantees cannot be estimated at this stage.

4. Clause 30 of the Bill empowers a Food Corporation to guarantee any money lent by a scheduled bank or other financing agency to a grower of foodcrops on the basis of agreement entered into by that Corporation with the grower of foodcrops for the purchase of foodgrains after the harvest of such crops, and also any other loan raised by a grower of foodcrops, which is re-payable within a period not exceeding five years.



## MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 44 of the Bill empowers the Central Government to make rules to carry out the purposes of the Act. The matters in respect of which rules may be made are specified in sub-clause (2) of that clause. They relate *inter alia* to the term of office of and the manner of filling casual vacancies among the members of the board of directors of a Food Corporation, the composition of Advisory Committees and the terms and conditions of service of members thereof, the additional functions which the Food Corporation of India may perform, the securities (other than foodgrains) upon which a Food Corporation may lend or advance money and the form of the annual statement of accounts to be maintained by a Food Corporation. The matters in respect of which rules may be made are of a routine or administrative nature. Moreover, the rules shall be subject to the scrutiny of Parliament.

2. Clause 45 of the Bill empowers a Food Corporation to make regulations not inconsistent with the Act and the rules made thereunder for the purpose of giving effect to the provisions of the Act. The matters which may be provided for by regulations relate to procedural or administrative details.

3. The delegation of legislative power is thus of a normal character.

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## BILL NO. 77 OF 1964

*A Bill further to amend the Mineral Oils (Additional Duties of Excise and Customs) Act, 1958.*

BE it enacted by Parliament in the Fifteenth Year of the Republic of India as follows:—

Short title. 1. This Act may be called the Mineral Oils (Additional Duties of Excise and Customs) Amendment Act, 1964.

Amendment of long title. 2. In the Mineral Oils (Additional Duties of Excise and Customs) Act, 1958 (hereinafter referred to as the principal Act), in the long title, for the words "certain mineral oils", the words "certain mineral products" shall be substituted. 5 27 of 1958.

Amendment of section 1. 3. In section 1 of the principal Act, in sub-section (1), for the words "Mineral Oils", the words "Mineral Products" shall be substituted. 10

Amendment of section 3. 4. In section 3 of the principal Act, in sub-section (1), for the Table, the following Table shall be substituted, namely:—

"TABLE

Description of goods 1	Rate of additional duty 2	15
1. Motor spirit . . .	One hundred and sixty-five rupees per kilolitre at fifteen degrees of Centigrade thermometer. <sup>1</sup>	
2. Kerosene . . .	Eighty rupees per kilolitre at fifteen degrees of Centigrade thermometer.	20
3. Refined diesel oils and vaporizing oil.	One hundred rupees per kilolitre at fifteen degrees of Centigrade thermometer.	
4. Diesel oil, not otherwise specified.	Sixty rupees per metric tonne.	
5. Furnace oil . . .	Sixty rupees per metric tonne.	25

	Description of goods 1	Rate of additional duty 2
5 1 of 1944.	6. Asphalt and Bitumen as described in item No. 11(I) of the First Schedule to the Central Excises and Salt Act, 1944.	Fifty rupees per metric tonne.
10 1 of 1944.	7. All products as described in item No. 11A of the First Schedule to the Central Excises and Salt Act, 1944.	Three hundred rupees per metric tonne."

5. In section 5 of the principal Act, in clause (b), the words and figure "under section 4 or" shall be omitted. Amendment  
of section 5.

*Declaration under the Provisional Collection of Taxes Act, 1931*

15 It is hereby declared that it is expedient in the public interest  
that the provisions of clause 4 of this Bill shall have immediate effect  
16 of 1931. under the Provisional Collection of Taxes Act, 1931.

## STATEMENT OF OBJECTS AND REASONS

The Mineral Oils (Additional Duties of Excise and Customs) Act, 1958 was enacted for the purpose of levying and collecting additional duties of excise and customs on certain mineral oils. The purpose underlying that enactment was to readjust, with effect from the 20th May, 1958, the excise and customs duties in the light of the reduction in prices agreed to by the principal companies distributing mineral oil products in India. The aforesaid Act provides for ceiling rates within which effective rates are fixed by notification. Since the introduction of the revised pricing structure from the 1st October, 1961 and up to the 30th September, 1964, a sum of nearly rupees five crores has accrued in favour of Government due to reduction of f.o.b. cost of petroleum products and freight thereon. It is expected that further accumulations of like nature will also accrue to Government. The existing ceiling rates will not enable a quick recovery of these amounts from the distributing companies.

The Bill seeks to enhance the existing ceiling rates adequately in respect of the mineral oil products already covered by the Act; at the same time, provision is also being made for levy of additional duties on certain other petroleum products such as asphalt and bitumen. This is being done with a view to enable appropriation from the companies of over-recoveries on these products, if found necessary in the future.

NEW DELHI;  
*The 12th November, 1964.*

T. T. KRISHNAMACHARI.

PRESIDENT'S RECOMMENDATION UNDER ARTICLE 117 OF  
THE CONSTITUTION OF INDIA

[Copy of letter dated the 14th November, 1964 from Shri T. T. Krishnamachari, Minister of Finance to the Secretary, Lok Sabha.]

The President having been informed of the subject matter of the Bill further to amend the Mineral Oils (Additional Duties of Excise and Customs) Act, 1958 has recommended under article 117(1) of the Constitution the introduction of the Bill in the Lok Sabha.

S. L. SHAKDHER,  
*Secretary.*

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CORRIGENDA

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In the Gazette of India Extraordinary, Part II—Section 2—

1. No. 32, dated the 11th September, 1964:—

(i) Page 491, *read* 'Appearance before wealth-tax authorities by authorised representatives.' as marginal heading against line 1; and

(ii) Page 499, line 18 from bottom, *after* 'assets' *insert* 'or'.

2. No. 33A, dated the 11th September, 1964:—

(i) Page 529/54, *delete* side rule to line number 21—24; and

(ii) Page 529/64, marginal reference to clause 43, *for* '10 of 1891' *read* '10 of 1897'.

3. No. 34, dated the 14th September, 1964:—

(i) Page 535, line 5 from bottom, *after* 'is' *insert* 'in'; and

(ii) Page 547, line 9 from bottom *for* 'PRESIDENT'S RECOMMENDATION' *read* 'PRESIDENT'S RECOMMENDATION'.

4. No. 35, dated the 17th September, 1964:—

Page 555, line 1 from bottom, *after* 'to' *insert* 'a'.

5. No. 42, dated the 25th September, 1964:—

Page 667, line 16 from the top, *for* 'and box' *read* 'aid box'.

